

**BREMER-WAVERLY LAW ENFORCEMENT BOARD**

**Independent Auditor's Reports  
Basic Financial Statements  
Supplementary and Other Information  
Schedule of Findings**

**June 30, 2013**

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# **BREMER-WAVERLY LAW ENFORCEMENT BOARD**

## **BOARD OF DIRECTORS**

At June 30, 2013

### **VOTING MEMBERS:**

Gary Boorom	Chairman	Member-Waverly City Council *
Ken Kammeyer	Vice-Chairman	Member-Bremer County Board of Supervisors
Kathy Olson	Board Member	Member-Waverly City Council
Tim Neil	Board Member	Member-Bremer County Board of Supervisors
Jay Ranard	Board Member	Member-at-Large (City of Tripoli)

### **NON-VOTING ADVISORY MEMBERS:**

Dan Pickett	Secretary/Treasurer	Bremer County Sheriff
Richard Pursell	Advisory Member	Waverly Chief of Police

\*Deceased September 23, 2013

Independent Auditor's Report

To the Board of Directors  
Bremer-Waverly Law Enforcement Board

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities of the Bremer-Waverly Law Enforcement Board as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities of the Bremer-Waverly Law Enforcement Board as of June 30, 2013, and the respective changes in cash basis financial position for the years ended June 30, 2013 and 2012 in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. My opinion is not modified with respect to this matter.

## **Other Matters**

### *Supplementary and Other Information*


My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bremer-Waverly Law Enforcement Board's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared of cash receipts and disbursements. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis and budgetary comparison information on pages 5 through 8 and 17 through 18 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated October 14, 2013 on my consideration of Bremer-Waverly Law Enforcement Board's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bremer-Waverly Law Enforcement Board's internal control over financial reporting and compliance.



Keith Oltrogge  
Certified Public Accountant

October 14, 2013

## **Bremer-Waverly Law Enforcement Board**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

Bremer-Waverly Law Enforcement Board provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the Board's financial statements, which follow.

#### **2013 FINANCIAL HIGHLIGHTS**

- Revenues of the Board's governmental activities increased 1%, or approximately \$2,900, from fiscal 2012 to fiscal 2013. Bremer County support increased approximately \$3,300 and City of Waverly support decreased approximately \$900.
- Disbursements increased 28%, or approximately \$82,000, in fiscal 2013 from fiscal 2012. Equipment and improvements increased by \$51,000 and repairs and maintenance increased by \$25,000, approximately.
- The Board's total cash basis net assets decreased 30%, or approximately \$47,000, from June 30, 2012 to June 30, 2013.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Board's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the Board as a whole and presents an overall view of the Board's finances.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the Board's budget for the year.

## **BASIS OF ACCOUNTING**

The Board maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Board are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE BOARD'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the Board's finances is, "Is the Board as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the Board's net position. Over time, increases or decreases in the Board's net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

### *Fund Financial Statements*

The Board has one kind of fund:

- A governmental fund accounts for all of the Board's basic services. It focuses on how money flows into and out of the fund and the balances at year-end that is available for spending. The governmental fund is the General Fund. The governmental fund financial statements provide a detailed, short-term view of the Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's program.

The required financial statements for governmental funds include a Statement of Cash Receipts, Disbursements and changes in cash balances.

The Board's total receipts for governmental activities increased 1%, or approximately \$2,900. The total cost of all programs and services increased approximately \$47,000, or 30% with no new programs added this year.

The cost of all governmental activities this year was approximately \$291,000 compared to approximately \$208,000 last year. However, as shown in the Statement of Activities and Net Position on page 9, the amount taxpayers ultimately financed for these activities was approximately \$49,000 because some of the cost was paid by those directly benefited from the programs (approximately \$2,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$240,000). Overall, the Board's governmental activities program receipts, including intergovernmental aid and fees for service, increased in fiscal year 2013 from approximately \$248,000 to approximately \$243,000, principally due to receiving more grant proceeds.

## Changes in Cash Basis Net Position

	Year Ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Charges for service:		
Driver's records	\$ 1,869	\$ 2,094
Operating grants, contributions and restricted interest	239,724	237,295
General receipts:		
Other general receipts	\$ 1,673	\$ 956
Total receipts	\$ 243,266	\$ 240,345
Disbursements:		
Public safety	\$ 290,816	\$ 208,225
Change in cash basis net position	\$ -47,550	\$ 32,120
Cash basis net assets beginning of year	159,481	127,361
Cash Basis Net Assets End of Year	\$ 111,931	\$ 159,481

### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Bremer-Waverly Law Enforcement Board completed the year, its governmental fund reported a fund balance of \$111,931, a decrease of more than \$47,000 from last year's total of \$159,481. The following are the major reasons for the change in fund balance of the major fund from the prior year.

- The General Fund cash balance decreased \$47,550 from the prior year to \$111,931. This decrease was due to increased equipment and improvement purchases.

### BUDGETARY HIGHLIGHTS

The Board's receipts were \$3,542 more than budgeted. This was primarily due to the Board receiving more in drivers records charges for service than anticipated.

Total disbursements were \$51,092 more than the budget. This was primarily due to increased equipment and improvement purchases.

The Board exceeded the amounts budgeted in the Public Safety activity functions for the year ended June 30, 2013 due to higher costs for maintenance projects.

### DEBT ADMINISTRATION

At June 30, 2013, the Board had no debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Bremer-Waverly Law Enforcement Board elected and appointed officials considered many factors when setting the fiscal year 2014 budget, fees charged for various Board activities. One of those factors is the economy.

Amounts available in the operating budget are approximately \$243,000, an increase of 1% over the fiscal year 2013 budget. The Board will use these increases in receipts to finance programs we currently offer. Budgeted disbursements are expected to decrease approximately \$47,000. Decreases in repairs and maintenance and equipment and improvements represent the largest decreases. The Board has added no major new programs or initiatives to the fiscal 2014 budget.

If these estimates are realized, the Board budgeted cash balance is expected to remain approximately the same by the close of fiscal year 2014.

## **CONTACTING THE BOARD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dan Pickett, Bremer County Sheriff, 111 4<sup>th</sup> Street NE, Waverly IA 50677.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION  
At June 30, 2013

Functions/Programs	Disburse- ments	Program Receipts	
		Charges For Services	Operating Grants
Governmental Activities:			
Public Safety	\$ 290,816	\$ 1,869	\$ 239,724
General Receipts:			
Miscellaneous			
Total general receipts			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			
Cash Basis Net Position			
Unrestricted			

The accompanying notes to the financial statements are an integral part of this exhibit.

Net (Disbursement) Receipts and  
Changes in Cash Basis Net Position

Governmental Activities		Total	
\$	-49,223	\$	-49,223
\$	1,673	\$	1,673
\$	1,673	\$	1,673
\$	-47,550	\$	-47,550
	159,481		159,481
\$	111,931	\$	111,931
\$	111,931	\$	111,931

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH BALANCES

For the Years Ended June 30, 2013 and 2012

	2013	2012
Receipts:		
Operating Grants:		
Bremer County	\$ 161,759	\$ 158,426
City of Waverly	77,965	78,869
Charges for Services:		
Drivers Records	1,869	2,094
Miscellaneous	1,673	956
Total Receipts	\$ 243,266	\$ 240,345
Disbursements:		
Public Safety:		
Supplies – Custodial	\$ 3,496	\$ 3,042
Office Supplies & Postage	5,739	3,918
Telephone	10,521	10,926
Utilities	45,741	46,919
Repairs & Maintenance	50,147	24,571
Insurance	11,224	790
Audit Fee	1,800	1,750
Miscellaneous	3,327	1,887
Equipment and Improvements	66,315	15,174
Contract Labor & Benefits	62,136	65,016
Computer Support	20,820	24,682
Mobile Data System	9,550	9,550
Total Disbursements	\$ 290,816	\$ 208,225
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ -47,550	\$ 32,120
Cash Balance-Beginning of Year	159,481	127,361
Cash Balance-End of Year	\$ 111,931	\$ 159,481

The accompanying notes to the financial statements are an integral part of this exhibit.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Law Enforcement Board is a non-profit organization established in 1973 as the owner and caretaker of the Bremer-Waverly Law Center Building as a joint undertaking of Bremer County and the City of Waverly as authorized by Chapter 28E of the Code of Iowa. The Law Center Building was reconstructed in 2005 and 2006, at a cost of \$3.7 million. Cost of reconstruction was funded by local option sales tax revenue bonds being administered by Bremer County. Bond activity and repayment was reflected at the County level. The bonds were repaid in full in 2012.

The Law Enforcement Board is exempt from income tax under the Internal Revenue Code and the Iowa income tax law, which provide tax exemption for governmental entities.

A. Reporting Entity

For financial reporting purposes, Bremer-Waverly Law Enforcement Board has included all funds, organizations, agencies, boards, commissions and authorities. The Board has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Board to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Board. The Board has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements-The Cash Basis Statement of Activities and Net Position (previously referred to as net assets) reports information on all of the non-fiduciary activities of the Board. It reports the Governmental activities which are supported by tax and intergovernmental revenues.

The Cash Basis Statement of Activities and Net Position presents the Board's non-fiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the Board, including Board's Permanent Fund.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position often have constraints on cash balances imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Other items not included among program receipts are reported instead as general receipts.

Fund Financial Statements-Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The Board reports the following major governmental fund:

The General Fund is the general operating fund of the Board. All receipts are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs.

C. Measurement Focus and Basis of Accounting

The Board maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Board are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of such funds in accordance with U.S. generally accepted accounting principles.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Under the terms of grant agreements, the Board funds certain programs by a combination of specific grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the Board's policy to first apply grant resources to such programs, followed by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the Board's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

**D. Governmental Cash Basis Fund Balances**

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Directors intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the Public Safety function.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – CASH AND POOLED INVESTMENTS**

The Board's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Board is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities: certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the Board only had a demand deposit (checking) account.

**NOTE 3 – RELATED PARTIES**

The Bremer-Waverly Law Enforcement Board establishes an operating budget each year for the Law Center Building operating expenses. The City of Waverly and Bremer County share the operating expenses. The City of Waverly pays approximately 27% of the budget and Bremer County pays approximately 73% of the budget for the Law Center Building. Two City Council members and two County Board of Supervisors members are members of the Law Enforcement Board's Board of Directors.

**NOTE 4– RISK MANAGEMENT**

The Board is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 4– RISK MANAGEMENT (continued)**

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of total current member's basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Board's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Board's contributions to the Pool for the year ended June 30, 2013 were \$11,224.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 4– RISK MANAGEMENT (continued)**

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

**NOTE 5 – PENSION AND RETIREMENT BENEFITS**

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries, IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the Board is required to contribute 8.67% of covered salary. Contribution requirements are established by state statute. The Board's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$2,922, \$2,899 and \$2,403, respectively, equal to the required contributions for each year.

**NOTE 6 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through October 14, 2013, which is the date the financial statements were available to be issued.

## **Other Information**

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE—  
BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS AND  
PROPRIETARY FUNDS

Other Information

Year Ended June 30, 2013

	Governmental Funds Actual	Budgeted Amounts	Final to Total Variance
Receipts:			
Intergovernmental	\$ 239,724	\$ 239,724	\$ -
Charges for service	1,869	-	1,869
Miscellaneous	1,673	-	1,673
Total receipts	<u>243,266</u>	<u>239,724</u>	<u>3,542</u>
Disbursements:			
Public safety	<u>\$ 290,816</u>	<u>\$ 239,724</u>	<u>\$ -51,092</u>
Excess (Deficiency) of Receipts Over (Under)Disbursements	\$ -47,550	<u>\$ -</u>	<u>\$ -</u>
Balance Beginning of Year	<u>159,481</u>		
Balance End of Year	<u>\$ 111,931</u>		

See accompanying independent auditor's report.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

NOTES TO OTHER INFORMATION – BUDGETARY REPORTING  
June 30, 2013

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Directors annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the Public Safety function.

## **Supplementary Information**

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTIONS –  
ALL GOVERNMENTAL FUNDS  
For the Last Four Years

	2013	2012	2011	2010
Receipts:				
Intergovernmental	\$ 239,724	\$ 237,295	\$ 260,036	\$ 215,837
Charges for service	1,869	2,094	1,236	1,412
Miscellaneous	1,673	956	998	777
Total	<u>\$ 243,266</u>	<u>\$ 240,345</u>	<u>\$ 262,270</u>	<u>\$ 218,026</u>
Disbursements:				
Operating:				
Public safety	<u>\$ 290,816</u>	<u>\$ 208,225</u>	<u>\$ 244,914</u>	<u>\$ 251,267</u>

See accompanying independent auditor's report.

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Directors  
Bremer-Waverly Law Enforcement Board

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Bremer-Waverly Law Enforcement Board as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the Board's basic financial statements, and have issued my report thereon dated October 14, 2013. My report expressed an unmodified opinion on the financial statements, which were prepared on the basis of cash receipts and disbursements, basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Bremer-Waverly Law Enforcement Board's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bremer-Waverly Law Enforcement Board's internal control. Accordingly, I do not express an opinion on the effectiveness of Bremer-Waverly Law Enforcement Boards internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Bremer-Waverly Law Enforcement Board's financial statements will not be prevented, or detected and corrected on a timely basis.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bremer-Waverly Law Enforcement Board's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances for non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Board's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Board. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


## Bremer-Waverly Law Enforcement Board's Responses to Findings

Bremer-Waverly Law Enforcement Board's responses to findings identified in my audit are described in the accompanying Schedule of Findings. Bremer-Waverly Law Enforcement Board's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the Bremer-Waverly Law Enforcement Board during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

  
Keith Oltrogge  
Certified Public Accountant

October 14, 2013

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

SCHEDULE OF FINDINGS  
Year Ending June 30, 2013

**Part I – Findings Related to the Financial Statements**

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

SCHEDULE OF FINDINGS  
Year Ending June 30, 2013

**Part II – Other Findings Related to Required Statutory Reporting:**

- II-A-13      Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amount budgeted in the public safety function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation”.
- Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.
- Response – The budget will be amended in the future, if applicable.
- Conclusion – Response accepted.
- II-B-13      Questionable Disbursements – There were no disbursements I believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-C-13      Travel Expense – No disbursements of Board money for travel expenses of spouses of Board officials or employees were noted.
- II-D-13      Business Transactions – There were no business transactions between the Board and Board official or employees.
- II-E-13      Bond Coverage – Surety bond coverage of Board officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- II-F-13      Board Minutes – No transactions were found that I believe should have been approved in the Board minutes but were not.
- II-G-13      Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.

BREMER-WAVERLY LAW ENFORCEMENT BOARD  
Waverly, Iowa

SCHEDULE OF FINDINGS  
Year Ending June 30, 2013

**Part II – Other Findings Related to Required Statutory Reporting (continued):**

II-H-13      Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the Board to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Board retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The Board should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The Board has obtained images of both front and back of cancelled checks as required, starting in March 2013.

Conclusion – Response accepted.